



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: September 28, 2006

TO: Legislative Finance Committee

FROM: Cathy Duncan

RE: K-12 Facility condition and Needs Assessment and Energy Audit

One outcome of the quality schools interim committee was a recommendation to thoroughly analyze the condition of Montana's K-12 facilities. During the 2005 Special Session, the legislature passed HB 1, mandating that the Legislative Finance Committee (LFC) participate in the design of a K-12 condition and needs assessment and energy audit. This report will outline the responsibility of the LFC, update the committee on the progress already made in the project design, and inform the committee of one issue apparent in this task. At this time, the LFC is urged to discuss the process design and provide process approval, enabling the Department of Administration, Division of Architecture and Engineering (A&E), to begin work on this project.

HB 1 provided an appropriation of \$2.5 million to A&E to provide or contract a condition assessment of existing K-12 facilities and to complete an energy audit. As stated in the text of the bill, the LFC is required to assist A&E in designing a process for collecting and analyzing the data. The purpose of the assessment is to provide the legislature with a measure of the major maintenance and energy improvement needs for K-12 facilities. The applicable language included in HB 1 was approved as follows:

**Section 1. Appropriations.** (1) (a) There is appropriated \$2.5 million from the general fund to the department of administration to be used through June 30, 2009, to pay for the costs of completing a condition and needs assessment and energy audit of K-12 public school facilities or for contracting with a private vendor to complete a condition and needs assessment and energy audit of K-12 public school facilities in the state.

(b) *The department shall work in conjunction with the legislative finance committee to design the process for collecting and analyzing data,* including data related to the total square footage, the percentage of the total square footage that is being utilized for educational programs, and the square footage per student, to be used in the facility condition and needs assessment and energy audit.

(c) On or before July 1, 2008, the department of administration shall report the findings and recommendations of the K-12 public school facility condition and needs assessment and energy audit to the appropriate committee of the legislature.

Facing this lengthy task, A&E began gathering the data needed to develop the process design. A&E has designated this work as “Phase I” of the process. Phase I information was determined to be necessary before further design and service procurement could occur. In Phase I, A&E summarized pertinent background information on the public school system facilities including, but not limited to, the physical location of each school, the total number of buildings at each location, gross square footage of each building, and a point-of-contact for each school. With the completion of Phase I, A&E has prepared a report for the LFC detailing their progress and hopes to spur a discussion of the process design.

The LFC should be aware of one issue that surrounds this legislation; adequate funding was not supplied for a comprehensive assessment of both the condition and the energy efficiency needs of the K-12 buildings. A&E initially estimated a cost of \$2.5 million for the condition assessment. Later, the legislature expanded the scope of the assessment to include an “energy audit”. The term energy audit might be defined in a wide range that spans from a simple benchmarking approach to a comprehensive outline of specific efficiency improvements, and the analytical costs will follow the scale of the assessment. In Montana, the cost to provide a full energy audit of the 800 schools (approximately 22 million square feet of space) is estimated to cost \$1.4 million. Given the funds provided, the LFC will need to determine the desired scope of each assessment. A&E will make a proposal on exactly what might be accomplished with the available funds.

The LFC task of designing a condition and needs assessment and energy audit process will span two interims. To assure that results can be reported as required in the legislation, on or before July 1, 2008, process development must start now. The input of the LFC is necessary at this time to enable A&E to fully determine the scope of the analysis and hire contractors accordingly. When designing the process for collecting and analyzing data, the LFC must consider the type and scope of the data that will be collected. A&E hopes to present the final process design and have the project contracted by the June 2007 LFC meeting.

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